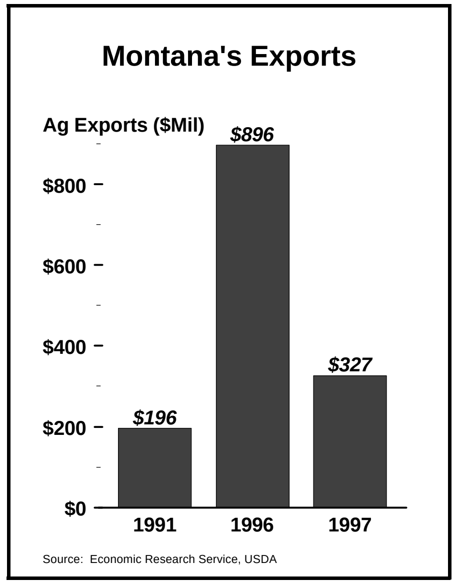
WTO and Agriculture

What's at Stake for Montana?

Montana's agricultural products are exported worldwide. In 1997, the state's exports reached an estimated $327 million. This represented an increase over 1991's figure, but a sharp decline over the previous year. Wheat dominates the picture in Montana, and adverse weather in the Northern Plains severely limited 1997 spring wheat exports. Despite reduced sales, exports helped boost farm prices and income while supporting about 4,300 jobs both on the farm and off the farm in food processing, transportation and manufacturing. Exports are important to Montana's agricultural and state-wide economy. Measured as exports divided by farm cash receipts, the state's reliance on agricultural exports varied from 13% to 45% since 1991.

The top five agricultural exports in 1997 were:

- wheat and products -- $235 million
- feed grains and products -- $36 million
- feeds and fodders -- $29 million
- live animals and red meats -- $16 million
- seeds -- $12 million



World demand for these products is increasing, but so is competition among suppliers. If Montana's farmers, ranchers, and food processors are to compete successfully for the export opportunities of the 21st century, they need *fair trade* and *fair access* to growing global markets.

Montana Producers Benefit from Trade Agreements

Montana is already benefitting from a number of agricultural trade agreements. While there is still much to be done, examples of new market opportunities for Montana include:

- The nation's 4th largest wheat producer, Montana benefits under the Uruguay Round from a 33% reduction in the quantity of EU wheat receiving export subsidies by 2000. Japan is expanding its 5,530,000 ton tariff-rate quota by 35,000 tons annually from 1995 to 2000.

- With 40% of its farm receipts coming from cattle, Montana benefits from the Uruguay Round with a 38% reduction in the quantity of EU beef receiving export subsidies by 2000. Japan is reducing beef tariffs from 50% to 38.5%. Korea will eliminate its import quota by 2001 and reduce its tariffs to 40% by 2004. The Philippines is reducing its beef tariff from 60% to 35%.

- Under NAFTA, Mexico eliminated its 15% tariff on live slaughter animals, its 20% tariff on U.S. chilled beef, and its 25% tariff on frozen product. Its 20% tariff on beef offal will be eliminated by 2004. Due to the U.S.-Canada Free Trade Agreement, U.S. beef is now exempt from Canadian duties and volume restrictions.